

HOUSE BILL No. 1356

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-31.

Synopsis: Developmental disability employment tax credit. Establishes the developmental disability employment tax credit for taxpayers that employ individuals with developmental disabilities. Provides that the credit may not exceed 33% of the first \$6,000 paid to the employee during the first year of employment and 25% of the first \$6,000 paid to the employee during the second year of employment.

Effective: January 1, 2008.

Micon, Buell, Welch

January 16, 2007, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1356

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-31 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2008]:

4 **Chapter 31. Developmental Disability Employment Tax Credit**

5 **Sec. 1. As used in this chapter, "developmental disability" has**
6 **the meaning set forth in IC 12-7-2-61.**

7 **Sec. 2. As used in this chapter, "pass through entity" means:**

- 8 (1) a corporation that is exempt from the adjusted gross
9 income tax under IC 6-3-2-2.8(2);
10 (2) a partnership;
11 (3) a limited liability company; or
12 (4) a limited liability partnership.

13 **Sec. 3. As used in this chapter, "qualified employee" means an**
14 **employee who meets all of the following conditions:**

- 15 (1) The employee is an individual with a developmental
16 disability.
17 (2) The employee with a developmental disability is offered



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health insurance coverage, if the taxpayer offers this coverage for employees who are not individuals with developmental disabilities.

(3) The employee with a developmental disability is paid compensation at least equal to the minimum wage or a wage comparable to that paid to employees who are not individuals with developmental disabilities based on the employee's training, skills, and job classification.

(4) Except as provided by section 6(b) of this chapter, the employee with a developmental disability has been employed by the taxpayer for at least ninety (90) days during the taxable year for which the taxpayer claims a credit under this chapter.

Sec. 4. As used in this chapter, "state income tax liability" means a taxpayer's total tax liability that is incurred under IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax).

Sec. 5. As used in this chapter, "taxpayer" means a person, corporation, partnership, or other entity that has any state income tax liability.

Sec. 6. (a) A taxpayer is entitled to a tax credit against the taxpayer's state income tax liability in an amount up to:

(1) thirty-three percent (33%) of the first six thousand dollars (\$6,000) in taxable wages paid by the taxpayer in the taxable year to each qualified employee who is in the first year or first partial year of employment with the taxpayer; and

(2) twenty-five percent (25%) of the first six thousand dollars (\$6,000) in taxable wages paid by the taxpayer in the taxable year to each qualified employee who is in the second year of continuous employment with the taxpayer.

(b) If the taxpayer hires a qualified employee during the last eighty-nine (89) days of the taxpayer's taxable year, the qualified employee shall be considered a new employee in the following taxable year.

Sec. 7. (a) If the credit provided by section 6 of this chapter exceeds the taxpayer's state tax liability for that taxable year, the excess may be carried over to succeeding taxable years and used as a credit against the tax otherwise due and payable by the taxpayer under IC 6-3 during those taxable years. Each time that the credit is carried over to a succeeding taxable year, the credit is to be reduced by the amount that was used as a credit during the immediately preceding taxable year. The credit provided by this chapter may be carried forward and applied to succeeding taxable

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years for four (4) taxable years following the unused credit year.

(b) A taxpayer is not entitled to any carryback or refund of any unused credit.

Sec. 8. If a pass through entity is entitled to a credit under section 6 of this chapter but does not have a state tax liability against which the tax credit may be applied, a shareholder, partner, or member of the pass through entity is entitled to a tax credit equal to an amount permitted by an agreement between the partners, members, or shareholders or in an amount equal to:

(1) the credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

SECTION 2. [EFFECTIVE JANUARY 1, 2008] IC 6-3.1-31, as added by this act, applies to taxable years beginning after December 31, 2007.

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